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NEW CBO REPORT REPEATS PROPOSAL FOR $1 PER GALLON GA FUEL TAX

The Congressional Budget Office, which just last May suggested a 10-fold increase in general aviation fuel taxes to restrict traffic growth *(BA, May 9/145)*, has issued a new report suggesting similarly sharp increases in GA fuel taxes and other fees while reducing taxes for commercial aviation users. The report, *Charging for Federal Services*, was prepared at the request of Sen. Pete Domenici (R-Ariz.), chairman of the Senate Budget Committee.

The 15-page section on "Aviation Services" concedes that the federal government recovers nearly four-fifths of its civil aviation costs through existing user fees. The report charges, however, "a misalignment of fees to different classes of users has given rise to a problematic cross-subsidy. Though travelers on commercial airlines and many general aviation flyers pay large shares of the costs they incur, some users—principally, business jets—do not." This results, CBO said, in "an inequitable situation" that "leads in turn to inefficiency, taking the form of wasted capital, labor, and energy."

Based on costs actually incurred, CBO said commercial air carriers should pay about 53 percent of total FAA costs (compared to 64 percent currently) while GA users should pay about 27 percent of the agency's expenses (instead of the current level of 3.3 percent). The report estimates FAA will spend $10.8 billion on behalf of commercial users and $5.9 billion for general aviation over the next five fiscal years. Since commercial users already pay fees that exceed the costs they impose on the system, CBO said existing taxes on airline tickets and freight waybills and the international departure fee could be reduced slightly. "On the other hand, revenue from general aviation would have to increase eightfold to recover fully its share of FAA expenditures," to a level of about $1 per gallon *(see chart on the back of Page 26)*.

Higher GA Landing Fees, Airway Charges Suggested

While noting increased fuel taxes "might present the least administrative difficulty" in increasing the amount of taxes GA users pay, the CBO also listed several alternatives. These include two-tiered landing fees at congested airports to increase the price for landing during peak hours, a tax on the sale of GA avionics equipment or a direct tax on the use of specific ATC services, similar to the European system. CBO said such airways charges have appeared impractical in the past, but noted that under the proposed National Airspace System Plan "the FAA would introduce a new radar system capable of identifying and monitoring each aircraft that uses the air traffic control system. Data from this system, when available in the early 1990s, could provide the needed detailed record of services provided to each aircraft, and owners could then be billed for exactly those used."

Other government studies, such as the earlier CBO report last May and the Transportation Department's Cost Allocation Study in the 1970s, have urged sharply higher GA taxes, but the latest CBO effort focuses on business jet operators. "The bulk of the federal subsidy to general aviation is caused by corporate jets, not by the recreational fliers," CBO said, because "a corporate jet operates virtually all its flights according to FAA instrument flight rules whereby FAA personnel are in constant contact with the plane from the moment it taxis to a runway to its arrival at its destination." CBO said "the 50,000 business-owned aircraft make more than eight million flights each year—more flights than all the commercial airlines make together.

(Continued on the following page)

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ACCIDENTS, FATALITIES AND RATES OF U.S. GENERAL AVIATION+

YEAR	ACCIDENTS TOTAL	ACCIDENTS FATAL	FATALITIES#	** AIRCRAFT HOURS FLOWN	ACCIDENT RATES * PER 100,000 AIRCRAFT HOURS TOTAL	ACCIDENT RATES * PER 100,000 AIRCRAFT HOURS FATAL
1974	4234	689	1327	27,773,500	15.2	2.47
1975	4001	636	1258	28,799,000	13.9	2.20
1976	4023	662	1226	30,476,000	13.2	2.17
1977	4083	663	1280	31,577,508	12.9	2.10
1978	4218	721	1558	34,887,178	12.1	2.06
1979	3825	638	1237	38,641,268	9.9	1.65
1980	3597	622	1252	36,401,663	9.9	1.71
1981	3502	654	1282	36,803,200	9.5	1.78
1982	3216	578	1161	32,094,623	10.0	1.79
1983P	3091	548	1049	32,766,000	9.4	1.67

P Preliminary data.

\+ All operations other than those operated under 14 CFR 121 and 14 CFR 135.

* Suicide/sabotage accidents included in all computations except rates (1974 - 2, 1975 - 2, 1976 - 4, 1977 - 1, 1978 - 2, 1979 - 0, 1980 - 1, 1981 - 0, 1982 - 3)

\# Includes air carrier fatalities when in collision with General Aviation aircraft.

** Source of estimate: FAA

NTSB Chart

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ACCIDENTS, FATALITIES AND RATES OF U.S. COMMUTER AIR CARRIERS

YEAR	ACCIDENTS TOTAL	ACCIDENTS FATAL	FATALITIES	AIRCRAFT MILES FLOWN*	AIRCRAFT HOURS FLOWN*	DEPARTURES*	ACCIDENT RATES** PER MILLION AIRCRAFT-MILES TOTAL	PER MILLION AIRCRAFT-MILES FATAL	PER 100,000 AIRCRAFT HOURS TOTAL	PER 100,000 AIRCRAFT HOURS FATAL	PER 100,000 DEPARTURES TOTAL	PER 100,000 DEPARTURES FATAL
1975	48	12	28	160,465,760	936,312	1,455,563	0.30	0.07	5.13	1.28	3.30	0.82
1976	35	9	27	171,471,894	965,296	1,532,425	0.20	0.05	3.63	0.93	2.28	0.59
1977	44	9	32	201,282,211	1,150,250	1,740,502	0.22	0.04	3.83	0.78	2.53	0.52
1978	61	14	48	226,186,596	1,302,136	1,995,728	0.27	0.06	4.68	1.08	3.06	0.70
1979	52	15	66	192,492,929	1,169,921	1,883,705	0.27	0.08	4.44	1.28	2.76	0.80
1980	38	8	37	192,200,134	1,175,588	1,776,999	0.20	0.04	3.23	0.68	2.14	0.45
1981	31	9	34	193,000,863	1,240,764	1,835,144	0.16	0.05	2.50	0.73	1.69	0.49
1982	27	5	14	222,355,000	1,300,000	2,027,000	0.12	0.02	2.08	0.38	1.33	0.25
1983P	17	2	11	234,029,000	1,378,000	2,166,000	0.07	0.01	1.23	0.15	0.78	0.09

P Preliminary data.

* Exposure data estimates from CAB.

** Rates are based on all accidents including some involving operators not reporting traffic data to the CAB.

\# Includes accidents involving all-cargo air carriers when those accidents occurred during 14 CFR 135 operations. All cargo air carriers no longer meet the CAB definition for "Commuters". May also include accidents involving carriers whose FAA operating specifications permit scheduled revenue operations under 14 CFR 135, but who have not received a CAB fitness determination.

NTSB Chart

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